

Message Text

CONFIDENTIAL

PAGE 01 STATE 091887
ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

66011

DRAFTED BY E:CFRANK:CJS

APPROVED BY E:CFRANK

S/S:MR. REDDY

-----230442Z 087474 /15

O 230026Z APR 77

FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 091887

EXDIS - PASS TO UNDER SECY RICHARD COOPER

FOL RPT CARACAS 4036 ACTION SECSTATE INFO EC BRUSSELS OTTAWA
22 APR 77 QUOTE

C O N F I D E N T I A L CARACAS 4036

EXDIS

EO 11652 GDS

TAGS: EGEN CIEC

SUBJ: PEREZ GUERRERO'S VIEWS ON CIEC

REF: STATE 87802

1. ON APR 21, I MET WITH MINISTER OF STATE FOR
INTERNATIONAL ECONOMIC AFFAIRS PEREZ GUERRERO AT
HIS REQUEST FOR A FINAL REVIEW OF NORTH-SOUTH ISSUES
PRIOR TO HIS DEPARTURE FOR PARIS ON APR 23.

2. THE MINISTER EXPRESSED HIS HOPE THAT THE FORTHCOMING
CIEC MEETINGS WILL MAKE "REAL" PROGRESS. HE
SAID HE HAD HIGH HOPES THAT THE CARTER ADMINISTRATION
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 091887

WILL PROVIDE NEW LEADERSHIP TO THE SOLUTION OF NORTH-
SOUTH ISSUES. HE SAID THE US WAS THE KEY TO THE G-8
POSITION SINCE THE OTHER DC'S WILL EXCUSE THEMSELVES
FROM GOING ANY FURTHER THAN WE DO. HE STRESSED HIS
FAMILIAR THEME THAT THE LDC'S WILL NOT PAPER OVER
A CIEC FAILURE, AND WAS NOT DISPOSED TO ACCEPT JUST
GOOD INTENTIONS OR RHETORIC THIS TIME. REAL DECISIONS

AS TO DIRECTIONS TO BE TAKEN WERE NEEDED. HE WAS NOT EXPLICIT CONCERNING WHAT WOULD BE REQUIRED IN ORDER FOR THE CONFERENCE TO BE DECLARED A SUCCESS, BUT COMMODITY PRICE STABILIZATION AND THE COMMON FUND RANK VERY HIGH ON HIS LIST.

3. DRAWING ON REF, I DESCRIBED OUR VIEW THAT CIEC SHOULD BE CONCEIVED AS THE FOCAL POINT FOR A BROAD OVERVIEW OF NORTH-SOUTH RELATIONS RATHER THAN A NEGOTIATING FORUM FOR SPECIFIC SOLUTIONS. PG SAID HE ACCEPTED THE IDEA THAT CIEC WILL NOT PROVIDE THE FINAL ANSWERS, BUT HE BELIEVED CIEC MUST GIVE SPECIFIC DIRECTIONS FOR THE SOLUTION TO THE PROBLEMS WHICH MEANS, HE SAID, IT MUST AGREE ON CERTAIN PRINCIPLES OR GENERAL GOALS. HE SAID HE REGARDED PAST PROGRESS IN RESOLVING NORTH-SOUTH ISSUES AS COMPLETELY INADEQUATE AND STATED THAT IF THE US AND OTHER DC'S DO NOT COOPERATE IN RESOLVING THE ISSUES THE LDC'S WILL BE FORCED TO TAKE ACTION BY THEMSELVES DESPITE THE MANY DISADVANTAGES OF SUCH A DECISION.

4. ON COMMODITIES, PG SAID THAT PROTECTION OF THE PURCHASING POWER OF COMMODITY EXPORTS DOES NOT IN THE LDC VIEW REPRESENT A TRANSFER OF RESOURCES FORM CONSUMERS TO PRODUCERS. ON THE CONTRARY, PROTECTING THE PURCHASING POWER OF COMMODITIES WOULD REPRESENT THE OBTENTION OF A "JUST" PRICE FOR COMMODITIES AND AVOIDANCE OF AN "UNJUST" OVERFLOW OF REAL RESOURCES FROM PRODUCER TO CONSUMER THRU UNFAIR TERMS OF

CONFIDENTIAL

PAGE 03 STATE 091887

TRADE. HE SAID THAT SECRETARY BLUMENTHAL'S COMMENTS TO THE SENATE THAT "DIRECT FOREIGN AID IS A SUPERIOR WAY OF TRANSFERRING RESOURCES THAN DEBT RELIEF OR ARTIFICIAL COMMODITY PRICES" WORRIED HIM. THIS IS A BASIC DIFFERENCE OF APPROACH WHICH IS A MATTER OF CONCERN. IF WE DON'T AGREE ON BASIC PHILOSOPHICAL ISSUES, PG ASKED RHETORICALLY, HOW WE CAN ARRIVE AT A MEETING OF THE MINDS AS TO WHAT "CONCRETE" ACTION SHOULD BE TAKEN IN CIEC.

5. AGAIN DRAWING ON BACKGROUND CABLE, I REFERRED TO PREVIOUS US STATEMENTS THAT A COMMON FUND TO FACILITATE INDIVIDUAL BUFFER STOCK ARRANGEMENTS, ASSUMING A NUMBER OF THESE COMMODITY AGREEMENTS COULD BE WORKED OUT, MIGHT MAKE SENSE. I NOTED THAT OUR APPROACH WAS ESSENTIALLY THAT WE PROCEED ON INDIVIDUAL COMMODITY ARRANGEMENTS FIRST SINCE THEY WOULD PROVIDE THE FRAMEWORK FOR CONSIDERING A COMMON FINANCING OR POOLING. HERE AGAIN PG NOTED WHAT MAY BE A BASIC DIFFERENCE. HE SAID

THAT HE DID NOT SEE HOW INDIVIDUAL ARRANGEMENTS COULD BE AGREED UPON WITHOUT SOME ASSURANCE OF BUFFER STOCK FINANCING AND A COMMON FUND WAS ESSENTIAL TO THE LATTER. HE ALSO IMPLIED THAT A COMMON FUND WOULD HAVE A MANAGERIAL OR DIRECTIVE FUNCTION. HE SAID HE DID NOT WANT TO GO INTO DETAILS ON MECHANISMS, BUT HE BELIEVED THE IDEA OF A COMMON FUND WAS NECESARY TO FACILITATE THE CONCLUSION OF INDIVIDUAL ARRANGEMENTS, AND THE CIEC MUST BE PREPARED TO ACCEPT THE NEED FOR A COMON FUND IN PRINCIPLE AND PROVIDE DIRECTIONS FOR ITS ESTABLISHMENT OR CONSIDERATION.

6. COMMENT: THERE APPEAR TO BE BASIC CONCEPTUAL DIFFERENCES ON KEY ISSUES, I E DIFFERENCES IN HOW PURPOSES AND OBJECTIVES ARE CONCEIVED BY THE VARIOUS PARTIES. WHAT PG IS CLEARLY SAYING IS THAT IT IS DIFFICULT TO AGREE OR COMPROMISE ON PROGRAMMATIC AND INSTRUMEN-
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 091887

TAL ARRANGEMENTS WITHOUT AT LEAST SOME CLEAR UNDER-
STANDING AND DEFINITION OF THE DIFFERENCES IN CON-
CEPTS WHICH THOSE PROGRAMMATIC ARRANGEMENTS ARE
INTENDED TO REFLECT. I BELIEVE IT ESSENTIAL FOR
SECRETARY COOPER AND PG TO HAVE AN EARLY CONSULTATION.
PG THINKS VERY HIGHLY OF THE UNDERSECRETARY AND WOULD
VERY MUCH LIKE TO MEET WITH HIM AGAIN. SINCE PG IS A KEY
FIGURE IN CIEC AND IS RECEPTIVE TO SUCH CONSULTATIONS, AN
EARLY MEETING MAY BE VERY USEFUL IN AVOIDING POSSIBLE
LATER ACRIMONY AND MISUNDERSTANDINGS.
VAKY

UNQUOTE VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Apr-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE091887
Document Source: CORE
Document Unique ID: 00
Drafter: CFRANK:CJS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770141-0993
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770426/aaaaavvz.tel
Line Count: 152
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: aaec16a0-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 STATE 87802
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2713717
Secure: OPEN
Status: NATIVE
Subject: PEREZ GUERRERO'S VIEWS ON CIEC
TAGS: EGEN, CIEC, (GUERRERO, PEREZ)
To: LONDON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/aaec16a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009